

Date: April 2, 2013

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Proposed Updates to Fee Schedule for Water and Sewer Engineering Connection and Miscellaneous Fees

Executive Summary

The City establishes fees to recover the cost for new engineering connections to the City water and sewer system as authorized under Section 70-6 of the City Ordinance. The City is authorized in section 70-64 to bill a service initiation fee as set by the Council to cover the administrative and service cost of setting up a new water/sewer account. Section 70-9(c) authorizes the Council to set a charge for the testing of meters to conform to a specified range of accuracy. The proposed fee schedule reflects the City's current cost of providing these services. Changes to fees impacting construction and development require a public hearing under applicable State law.

Recommendation

The department recommends that the City Council:

- 1) Hold a public hearing to receive comments on the proposed fee changes; and
- 2) Adopt an ordinance amending Chapter 13B-109B, (Water and Sewer Engineering Connections) of the City's Fee Schedule for all connections installed on or after October 1, 2013, as well as amending testing fees in Chapter 13, Part 13B-101, and initiation fees in Chapter 15, Part 15-102 for services rendered on or after July 1, 2013.

Background

The City Council is authorized under Section 70-6 of the City Ordinance to set capital facilities fees for all new connections to the City's water and/or sewer system. All fees collected are earmarked for and applied to the costs of constructing new water supply, water treatment and wastewater treatment facilities and expansions to existing facilities. The fees are to be the same for customers located inside or outside of the corporate limits of the City.

As part of the systematic review of existing fees and charges during budget preparation, the capital facility fee, last updated in 2010, was reassessed to reflect current City costs.

Issues/Analysis

The City has a policy of charging customers fees to recover costs in addition to rates for actual water and sewer services provided, such as physical connection, initiation, and delinquency fees. Good business practices include periodic review of fees to assure adequate cost recovery. The fees appearing on the schedule below reflect only those which were determined to not adequately recover cost based on an analysis of current and prior year actual data.

The initiation fee involves not only staff time to enter information into the billing system but to also drive to the location, turn on the water and/or obtain an initial meter reading. For comparison purposes, OWASA's current charge is \$45 and Raleigh's is \$50.

Description	Current Fee	Proposed Fee	Date of Last Change
METER CHARGE INSTALLED 5/8"	\$ 180	\$ 250	FY 12
METER CHARGE INSTALLED 1"	\$ 270	\$ 350	FY 12
METER CHARGE INSTALLED 1.5"	\$ 500	\$ 550	FY 12
METER CHARGE INSTALLED 2" COMPOUND	NEW	\$ 1,950	
METER CHARGE INSTALLED 3" TURB	\$ 838	\$ 1,000	Prior to FY 09
METER CHARGE INSTALLED 3" COMPOUND	NEW	\$ 2,200	
METER CHARGE INSTALLED 4"	\$ 1,232	\$ 3,000	Prior to FY 09
METER CHARGE INSTALLED 6"	\$ 2,197	\$ 9,500	Prior to FY 09
METER CHARGE INSTALLED 8"	\$ 3,015	\$ 12,000	Prior to FY 09
METER CHARGE INSTALLED 10"	\$ 4,734	AT COST	Prior to FY 09
METER CHARGE INSTALLED 12"	\$ 6,288	AT COST	Prior to FY 09
NEW WATER CON 1.5" SERVICE	\$ 1,500	\$ 1,750	FY 12
NEW SEWER CON 4" SERVICE	\$ 1,100	\$ 1,400	Prior to FY 09
NEW SEWER CON 6" SERVICE	\$ 1,200	\$ 1,850	Prior to FY 09
NEW SEWER CON 6" SER W/ MH	\$ 2,200	AT COST	Prior to FY 09
METER RELOCATION 5/8"-1"	\$ 300	\$ 600	Prior to FY 09
DISPATCH FEE(METER NOT READY)	NEW	\$ 30	
METER TEST	\$ 30	\$ 50	Prior to FY 09
SERVICE INITIATION FEE	\$ 15	\$ 50	Prior to FY 09

Alternatives

Make no changes to current fees. Any increases in cost of providing above services would be borne equally by all rate payers via higher water and sewer charges, not primarily by those customers receiving the direct benefit and/or responsible for the additional costs.

Financial Impacts

The proposed fee schedule reflects the City's current cost of providing these services as well as the City's policy of appropriately charging customers to recover costs. Staff has analyzed the cost of time and materials for such procedures. Good business practices include periodic review of fees to assure adequate cost recovery.

SDBE Summary:

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.

Attachments

Ordinance amending Chapter 13, Part 13B-101, Part 13-109B, Chapter 15, Part 15-102.